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OFFICE OF
NATIONAL ESTIMATES

MEMORANDUM

Argentina's Prospects for 1971: Treadmill or Revolution?

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24 February 1971

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

24 February 1971

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SUBJECT: Argentina's Prospects for 1971: Treadmill or Revolution?

1. Argentina is once again drifting into a crisis, primarily political, but with strong economic and social overtones. It is a crisis of confidence, caused in part by the inability of President Roberto Marcelo Levingston to gain the support of any important sector of Argentine society. The junta of the commanders-in-chief which put Levingston into office last June is having second thoughts about its protege.

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2. Levingston is a 51-year old professional soldier, regarded as competent especially in the military intelligence field, but with virtually no political experience. When

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selected to replace President Onganía, Levingston was expected to work closely with the military chiefs to carry out the goals of the 1966 "revolution" which was to bring a political, social and economic solution to Argentina's ills. Part of the problem is that the 1966 revolution had and still has no clearly defined ideology or program, just rhetoric. The military who seized power in 1966 were agreed only on blocking the Peronists* and the Marxists and turning out of office the old civilian politicians. Moreover, the cleavages in Argentine society are so great and the political system is so fragmented that no government in more than 40 years has been able to rule with anything approaching a national consensus.

3. Most Argentines were willing to give Onganía a chance. Though he lasted for four years (well above the average for Argentine presidents in recent times), his successes in promoting economic stabilization and revival were largely canceled out by his failure to make any real progress in social and

* Juan D. Perón, the former dictator, ousted by the military in 1955, is now 75 years old and living in Spain. He meets frequently with selected Argentine political and labor figures who head the so-called Peronist movement. Peronism, though not very cohesive, is a sizeable political grouping, with appeal mainly to the urban masses.

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political fields and to retain the confidence of the military chiefs. For a while he seemed to be building a good base for economic growth. Inflation was cut to $7\frac{1}{2}$ percent annual rate by 1969, considerable new investment came into the country, exports rose in 1969 and foreign exchange reserves were built up. But economic imbalances between the provinces and the capital persisted, civilian politicians chafed at their exclusion from public life, and, towards the end, terrorist incidents rose dramatically. He began to think of himself as sole interpreter of the concepts of the 1966 revolution and to disregard the advice of the military chiefs. The junta, therefore removed him and brought Levingston on the scene.

4. During Levingston's first few months in office, the country drifted while the president consulted with virtually every political and economic figure whom he considered respectable. The first hard evidence of Levingston's policies came in December with the announcements of long range political and economic plans. The political program is built around a gradual four-year transfer of power to an elected government, but is vague in all respects. The hope of Levingston is that Perón will die before the next election, thereby lessening the threat of a Peronist victory at the polls. Economically the

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emphasis is to be away from stabilization and the open door for foreign investors. Rather, mild inflation and free bargaining for wages are to be permitted, and a kind of economic nationalism pursued at the expense of foreign investment.

5. The trouble with the program is that it really doesn't satisfy anyone, except insofar as it feeds the aspirations of nationalists who prefer to blame foreign devils for domestic deficiencies. Labor leaders, buoyed by the success of general strikes last fall, are contemptuous of the government and alarmed by the 5.5 percent rise in cost of living in January alone.* Wage negotiations are underway, and bargaining is likely to be acrimonious. Plans for foreign investment are already being cut back, and domestic manufacturers face a wage-price spiral. Political leaders who had convinced themselves that Levingston would arrange for an early return to constitutional rule are dismayed at the prospect of four more years of waiting.

6. More important, the commanders-in-chief of the armed forces are unhappy. They accuse Levingston of making

* The rate for 1970 was over 20 percent, but the Minister of Economy insists that the 1971 rate will be 10 percent.

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major decisions without consulting them, and embarking on policies which they do not like. Lt. General Alejandro Lanusse, the Commander-in-Chief of the Army, and the strongest figure in the junta, would prefer a speedier return to political processes. He seems to be thinking of a controlled election which would minimize the risk of a victory by the followers of Perón. Lanusse and the other chiefs are also uneasy about unleashing an anti-foreign economic policy, which they believe could disrupt relations with the US and Western Europe. They are equally concerned about the inability of Levingston to catch on as a national figure, and the possibility that his policies will give rise to social unrest, and thereby tarnish the military image.

7. There are several possibilities for Argentina in the near term, none of them particularly good. The most likely scenario is for another early summit meeting between Levingston and the military chiefs. The President seems intent upon governing in his own style, even if it irritates the chiefs. Since the last confrontation he has given sharper focus to his demagogic drive against foreign exploiters, and, on his own, has abruptly fired the Minister of Social Welfare, a close friend of Lanusse and one of the most popular and competent members of the cabinet. Levingston is probably calculating

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that the junta will not want to give him the sack at this stage. Were they to do so, it would be a confession of their own inability to choose a suitable chief of state.

8. Probably neither Lanusse nor Levingston can be really sure of the loyalties of the armed forces. Most of the higher ranking officers in the army appear to be beholden to Lanusse, but the attitudes of many in the middle and lower grades are uncertain. Moreover, the Navy and Air Force commanders do not always share Lanusse's views. Hence, the most likely result of the next showdown would be another phase of temporizing, with the participants still uneasily watching each other.

9. If, however, the chiefs become acutely displeased with Levingston's performance and come to an agreement among themselves, they could dump him at any time. There is little prospect that Levingston's departure would stir up a popular reaction. He is not a beloved figure, and the public long ago became apathetic about the coming and going of presidents. But the chiefs would have to be prepared to bring a successor on the scene immediately or assume power themselves. Lanusse claims that he does not want the office of president, nor does he appear willing to give power to one of the other chiefs.

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Another general officer from the army or a trusted civilian would probably be the choice. On balance, though, it seems more likely that they will prefer to keep Levingston on, trying to control him more effectively and perhaps speeding up the timetable for easing the military out of politics.

10. If Levingston is allowed to stay on, and chooses to pursue his nationalistic programs, he may build up some domestic political support, e.g., from some opportunists or nationalists in the Radical Party, but his economic problems would mount. His attacks on "monopolies" have been centered on a few companies highly unpopular in Argentina: the Swift meatpacking enterprise, which recently went out of business; some foreign oil companies which compete with the local state-owned petroleum industry; and some large flour mills, only one of which has international connections. The danger is that he may be tempted to broaden his attacks to include a number of other firms which are important to the Argentine economy.* Already foreign investment is falling off, and is unlikely to resume under such uncongenial circumstances. Levingston probably does not want to launch an all-out campaign against foreign interests, but the Argentinization features of his economic plan will of themselves discourage inputs of foreign capital.

* US private investment in Argentina amounts to \$1.3 billion.

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11. If Levingston were removed, his successor would start with some severe obstacles. The military, after two failures to find a suitable national leader, would expect the third man to produce quick results. He would have some latitude in framing a national policy, as long as he seemed to be taking action to get the military gracefully out of political responsibility. But, formulating an effective set of measures would be as difficult for a successor as for Levingston. Inflation is taking on larger dimensions, and an aroused labor movement is gearing up for new wage demands. And, whatever economic policies Levingston or a successor pursues, the export prospects are poor. After good export years in 1969 and 1970, a combination of weather and other factors virtually ensure a slump in 1971. The wheat harvest will be the lowest in years because of drought, and meat exports have fallen off drastically as a result of heavy domestic consumption, government neglect, and lack of incentives to producers.

12. Whether Levingston, or another hand-picked candidate of the chiefs governs Argentina, the next year is likely to be turbulent. There are indications that students and militant labor groups, particularly in volatile provincial centers such as Córdoba, will be taking more provocative actions against

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the government. Some of this is likely to be violent. Moreover, there is no sign that the sporadic acts of terrorism, which have plagued the country in the past year or two are about to diminish. For the most part the bombings, assassinations of policemen and officials, bank robberies and the like are the work of bands of thoroughly disgruntled youth. So far as we know, they are poorly organized with only tenuous contacts with terrorists elsewhere, and no identifiable purpose or ideological goal. The terrorists do not appear to be winning much popular sympathy, nor are they likely by themselves to spark major challenges to authority. They are and will be important, though, as irritants to the government and as symptoms of the general discontent of most Argentine citizens with their government.

13. Discontent is a far cry from revolution and Argentine society is not revolutionary, i.e., no important group is seeking radical changes in the system. After 40 years of political confusion, economic starts and stops, and intermittent military intervention, the Argentine mood seems to be more one of resignation and disgust than a willingness to take to the barricades for a cause. More than likely the populace will simply put up with another year on the treadmill, accepting political

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ineptitude, economic setbacks, and social disparities. For many, life continues to be reasonably comfortable. Most important, the military establishment retains sufficient cohesion to prevent a serious breakdown of law and order, even though it has been unable to provide the inspiration for remolding Argentine political institutions.

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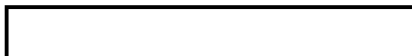


*Formerly
Staff member*

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Col. Dewey Pfeiffer, ACSI

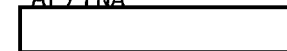
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Capt. L. E. Mayes, Navy

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